

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, September 2, 1999, 9:30 a.m.

Utah Association of Counties Offices

A G E N D A

9:30	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of July 29, 1999 Minutes	Gary Herbert
	Second Quarter Broker Evaluation	Brett Rich
	2000 Administrative Budget	Brent Gardner
	2000 UACIM Budget	Brett Rich
	2000 Member Premium Contributions	Brett Rich Rich Stokluska
11:30	Lunch	
	Summary of Financial Statements	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert
1:30	Adjourn	

UACIM BOARD OF TRUSTEES MEETING MINUTES

September 2, 1999, 9:30 a.m.
Utah Association of Counties Offices

BOARD MEMBERS PRESENT

Jerry Hess, *Vice President*, Davis County Deputy Attorney
Dan McConkie, *Secretary-Treasurer*, Davis County Commissioner
Tony Dearden, Millard County Commissioner
Chad Johnson, Beaver County Commissioner
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Petersen, Emery County Commissioner
Ed Phillips, Millard County Sheriff
Sarah Ann Skanchy, Cache County Council Member
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Gary Herbert, *President*, Utah County Commissioner

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
Sonya White, UACIM Administrative Assistant
Rich Stokluska, GRMS Account Executive
Doug Alexander, McLarens Toplis Claims Manager

CALL to ORDER

Gary Herbert requested that Jerry Hess chair this meeting in his absence. Jerry called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Gary Herbert requested to be excused from this meeting—he is out of the country. Sarah Ann Skanchy made a motion to excuse Gary from this meeting. Royal Norman seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held July 29, 1999 were previously sent to the Board Members for review. Royal Norman made a motion to approve the minutes as written. Ed Phillips seconded the motion, which passed unanimously.

SECOND QUARTER BROKER EVALUATION

Brett Rich reviewed the Performance Standards set forth for Arthur J. Gallagher & Company. Item 12, *Issue certificates of insurance, when necessary, within 24 hours of our receipt of the request*, no longer applies and will be stricken from the 2000 contract. Brett reported that John Chino and Rich Stokluska have met and/or exceeded all the standards. Their negotiations with the reinsurance carriers were beneficial in that premiums did not increase except to reflect the 19% increase in member exposures. The increase to the attachment point will be explained in the discussion of the 2000 general budget. Negotiations went so well with the reinsurance carriers that there was no need for Brett and/or a member of the Board to accompany them. Kent Petersen made a motion approving payment for the second quarter broker evaluation. Chad Johnson seconded the motion, which passed unanimously.

2000 ADMINISTRATIVE BUDGET

Brent Gardner reviewed the proposed administrative budget with the Board (see attachment #1). Line items proposed to increase are: *Auto Reserve* \$10,000 to \$14,000, *Data Processing* \$2000 to \$3500, *Medical Insurance* \$24,870 to \$26,900, *Rent* \$60,300 to \$120,000 (\$48,000 increase to include McLaren's Toplis North America, \$12,000 increase for operating expenses, debt service reserve and capital depreciation fund), *Retirement* \$32,000 to \$35,324 and *Salaries* \$146,340 to \$164,862. The Board directed Brent and Brett Rich to draft two options to be written into the administrative contract relating to the rent paid by UAC Insurance Mutual to the Utah Association of Counties. The options being, 1) a *Memorandum of Understanding* stating that when the debt is paid off the Mutual will no longer have to pay rent or 2) equity ownership of the UAC building. The Board will discuss these options at the next meeting. Following the closed session to discuss the character, professional competence, or physical or mental health of an individual, Chad Johnson made a motion approving the 2000 Administrative Budget in the amount of \$447,686. Royal Norman seconded the motion, which passed unanimously.

2000 GENERAL BUDGET

Brett Rich reviewed the proposed general budget with the Board (see attachment #2). Line items increasing from the 1999 budget are: *Losses* (attachment point) \$1,530,000 to \$1,580,000 (reinsurer will keep the attachment point at \$1.53 million if the Mutual accepts the first \$50,000 of any Y2K loss or increase to \$1.58 million—Brett has listed \$1.58 million on the proposed budget), *Administration Fees* \$358,610 to \$447,686, *Other Expenses* \$7500 to \$8000. Line items decreasing from the 1999 budget are: *Claims Management Expense* \$253,050 to \$216,00 (\$48,000 in rent has been subtracted and an inflationary increase has been added), *Reinsurance* \$631,828 to \$623,875. The *Interest Expense* line item has been left blank until the year-end surplus amount is calculated pursuant to the debenture formula previously adopted by the Board. Following the closed session to discuss the character, professional competence, or physical or mental health of an individual, Kent Sundberg made a motion approving the 2000 General Budget with a Net Income amount of \$359,439. Chad Johnson seconded the motion, which passed unanimously.

2000 MEMBER PREMIUM CONTRIBUTIONS

Rich Stokluska reviewed the 2000 program proposal with the Board (see attachment #3). The proposal itemized statistical information, reinsurance terms and coverage limits, conventional coverages, broker services, cost analysis, company rating and an actuarial disclaimer. The Board was pleased with the program designed for the members.

Using the formula adopted by the Board in 1997, Brett reviewed the proposed member premium contribution schedule with the Board (see attachment #4). The *Loss Fund* portion of the premium is based on the total three-year loss history, which is adjusted for any losses over \$25,000, for each member. This portion of the contribution will fund losses up to the attachment point of \$1.53 million and the potential \$50,000 Y2K exposure. The *Reinsurance* portion of the premium is based on each member's total exposure to equal the amount of the Mutual's reinsurance premium. The Expense portion of the premium is based on a pro-rata amount and an equal per member amount of the administrative expenses outlined on the general budget. Brett explained that the Board has approved a total increase/decrease cap on the loss fund portion of the premium and on the total over-all premium for the last three years. The purpose of the cap was to stabilize premiums over a period of time. The problem with the cap is that when additional exposure is added a member may pay less premium. Tony Dearden made a motion to approve a seven-percent loss fund and overall premium cap for the 2000 contribution structure and look at changing the 2001 formula to more appropriately reflect changes in exposures. Tex Olsen seconded the motion, which passed unanimously. Following a closed session, Tony Dearden made a motion to approve the 2000 member premium contribution of \$3,127,257 as presented by Brett Rich. Sarah Ann Skanchy seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Kent Petersen made a motion to set the date and time for a closed meeting to begin at 12:30 p.m. on September 2, 1999, to discuss the character, professional competence, or physical or mental health of an individual. Sarah Ann Skanchy seconded the motion, which passed unanimously.

Sarah Ann Skanchy made a motion to conclude the closed meeting at 1:30 p.m. on September 2, 1999. Chad Johnson seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Dan McConkie made a motion to set the date and time for a closed meeting to begin at 1:35 p.m. on September 2, 1999, to discuss pending or reasonably imminent litigation. Sarah Ann Skanchy seconded the motion, which passed unanimously.

Chad Johnson made a motion to conclude the closed meeting at 2:00 p.m. September 2, 1999. Kent Petersen seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Dan McConkie made a motion to ratify the addition of Richard Hymas to the UACIM Defense Attorney list. Ed Phillips seconded the motion, which passed unanimously.

Sarah Ann Skanchy made a motion to request the withdrawal of the law firm of Stirba & Hathaway from the five Davis County cases they are presently working on, to not require withdrawal on UACIM cases already assigned for other members and inform the firm that no new cases will be assigned while they are representing a conflicting case. Dan McConkie seconded the motion, which passed unanimously.

Ed Phillips made a motion to approve a resolution adopting a policy concerning conflicts of interest of attorneys retained by the Mutual (see attachment #5). Dan McConkie seconded the motion, which passed unanimously.

SUMMARY of FINANCIAL STATEMENTS

Brett Rich reviewed the July financial statements with the Board. The *Statement of Admitted Assets, Liabilities and Surplus*, page three, shows a decrease, under admitted assets, of approximately \$46,000, a decrease of approximately \$125,000, under liabilities and an increase of \$80,000, under surplus, from last month. The *Statement of Income*, page four, shows an increase of \$128,000 from last month. The *Statement of Changes in Surplus*, page five, shows an increase of surplus in the amount of \$80,618 from last month. The *Surplus Notes* breakdown, page nine, principal at \$589,899, unpaid interest at \$12,143 for a total of \$602,042. The *Non-Admitted Assets*, listed on page ten, have increased approximately \$48,000 from last month. Royal Norman made a motion to accept the July 1999 financial statements as presented. Dan McConkie seconded the motion, which passed unanimously.

OTHER BUSINESS

The next meeting of the Board of Trustees will be held on Thursday, October 7, 1999 at 10:00 a.m. at the Utah County Commission Chambers, Provo.

Approved on October 7, 1999


Dan R. McConkie, UACIM Secretary-Treasurer
Davis County Commissioner

UACIM GENERAL BUDGET

	1998 Adopted	1999 Proposed
REVENUE		
Premiums written	2,854,000	3,045,067
Unearned premiums	0	0
Premiums earned	2,854,000	3,045,067
Investment Income	215,000	275,000
TOTAL REVENUE	3,069,000	3,320,067
LOSSES AND LOSS EXPENSES		
Losses	1,475,000	1,550,000
Claims management expenses	229,000	253,050
Excess Insurance	576,000	631,828
TOTAL LOSS EXPENSES	2,280,000	2,434,878
ADMINISTRATION EXPENSES		
Brokerage commissions	105,000	105,000
Pool administration	280,000	358,610
Professional fees	50,000	50,000
Interest expense	59,000	0
Other expenses	13,000	7,500
TOTAL ADMINISTRATION	507,000	521,110
TOTAL LOSSES AND EXPENSES	2,787,000	2,955,990
NET INCOME	282,000	364,077

UAC Insurance Mutual
Administration Budget

	1998 Budget	1998 Actual*	1998 Projected	1999 Proposed
REVENUES COLLECTED				
Management Fees	296,450	211,335	296,450	
Interest	0	12,330	0	0
Total Revenue	296,450	223,665	296,450	
EXPENSES PAID				
Accounting/Audit	550	340	588	550
Administrative Fees	5,000	0	5,000	5,000
Auto Expenses	6,000	2,138	4,665	6,000
Auto Reserve	10,000	0	10,000	10,000
Board Expenses	8,550	4,131	6,843	8,000
Consulting Fees	0	0	0	0
Copying	600	685	1,175	1,200
Data Processing	0	0	0	2,000
Dues, Subscriptions	1,500	1,296	1,000	1,250
FICA	9,400	5,754	9,864	10,000
Loss Control/Training	10,700	2,030	10,700	10,700
Medical Insurance	22,500	15,325	26,271	26,500
Newsletter	1,000	0	1,000	1,000
Office Equipment	5,000	0	5,000	5,000
Office Rent	42,000	15,087	42,000	60,300
Office Supplies	2,500	2,630	4,455	4,000
Other Insurance	3,200	3,379	5,792	5,000
Postage	3,000	2,494	4,275	4,000
Printing	1,000	2,974	5,098	1,000
Retirement	26,950	17,392	29,815	35,000
Staff Expense	10,000	8,689	13,324	13,500
Staff Salaries	123,600	75,850	130,029	
Technical Assistance	400	2,150	3,095	400
Telephone	3,000	3,305	5,666	5,500
Total Expenses	296,450	165,649	325,655	215,900
ENDING BALANCE	0	58,015	-29,205	-215,900

UAC INSURANCE MUTUAL

LOSS FUND

COUNTY	1995	1996	1997	TOTAL	%	COMPARE	LESS ADJUSTED	AVERAGE	1998	1999 w/o	1999 with	1999 with
						1998	ADJUSTS	LOSSES	LOSS FUND	5% cap	5% cap	7% cap
Beaver	7,953	89,553	5,616	103,122	4.8	-14,281	20,000	83,122	27,707	28,983	89,993	30,432
Box Elder	138,521	28,366	9,179	166,887	7.7	22,296	70,000	96,887	32,296	113,870	104,896	108,177
Cache	39,085	106,590	10,111	145,675	6.7	-135,229	50,000	95,675	31,892	127,640	103,584	121,258
Davis	157,062	236,431	268,011	393,493	18.2	-47,564	186,960	206,533	68,844	177,713	223,606	186,599
Duchesne	40,372	26,272	8,735	66,644	3.1	-8,228	10,000	56,644	18,881	48,766	61,327	51,204
Emery	8,032	68,210	20,048	76,242	3.5	-97,781	10,531	65,711	21,904	116,314	71,143	110,498
Garfield	33,445	11,443	0	44,888	2.1	2,557	8,445	36,443	12,148	34,002	39,456	35,702
Grand	2,886	33,271	714	36,157	1.7	-3,725	0	36,157	12,052	51,517	39,146	48,941
Iron	29,911	2,917	16,136	32,828	1.5	-129,551	0	32,828	10,943	93,699	35,542	89,014
Juab	5,631		17,225	5,631	0.3	-69,346	0	5,631	1,877	47,518	6,096	45,142
Kane	6,992	4,493	0	11,485	0.5	-24,284	0	11,485	3,828	29,264	12,435	27,801
Millard	92,776	40,833	8,363	133,609	6.2	-38,745	35,730	97,879	32,626	45,153	105,970	47,411
Plute	0	7,174	0	7,174	0.3	4,924	0	7,174	2,391	6,352	7,767	6,700
Rich	5,599	1,947	0	7,546	0.3	2,370	0	7,546	2,515	16,105	8,170	15,300
San Juan	85,737	41,216	5,522	126,953	5.9	2,478	40,000	86,953	28,984	61,796	94,141	64,886
Sanpete	2,712	4,134	1,776	6,846	0.3	-39,974	0	6,846	2,282	53,609	7,412	50,929
Sevier	10,814	2,837	16,822	13,651	0.6	-29,837	0	13,651	4,550	32,257	14,779	30,644
Uintah	46,706	47,473	86,943	94,179	4.3	-197,276	35,156	59,023	19,674	110,441	63,902	104,919
Utah	117,437	211,450	97,725	328,887	15.2	-286,975	64,738	264,149	88,050	179,783	285,985	188,772
Wasatch	53,121	41,914	47,315	95,035	4.4	-129,411	15,000	80,035	26,678	70,588	86,651	74,117
Washington	53,527	21,060	9,144	74,587	3.4	-175,097	0	74,587	24,862	116,672	80,753	110,838
Wayne	0	23,831	569	23,831	1.1	-202	0	23,831	7,944	15,294	25,801	16,059
Weber	79,149	44,830	48,619	172,598	8.0		66,953	105,645	35,215	105,646	114,378	105,646
TOTALS	1,017,468	1,096,245	678,573	2,167,948	100		613,513	1,554,435	518,145	1,682,982	1,682,935	1,565,343
												1,667,452

UAC INSURANCE MUTUAL

EXCESS

COUNTY	TOTAL INSURABLE VALUE	PREMIUM PROPERTY	NUMBER OF VEHICLES	PREMIUM AUTO LIAB	TOTAL EXPENDITURES	PREMIUM LIABILITY	NUMBER OF EMPLOYEES	PREMIUM E&O	PREMIUM EXCESS	%
Beaver	14,053,916	2,356	42	4,360	5,618,187	2,356	68	1,476	10,548	1.9
Box Elder	30,344,521	5,087	135	14,014	8,309,599	3,485	150	3,256	25,842	4.6
Cache	31,959,427	5,358	188	19,516	17,711,874	7,428	168	3,647	35,948	6.4
Davis	60,511,061	10,144	209	21,696	47,000,000	19,711	550	11,939	63,490	11.2
Duchesne	23,998,115	4,023	103	10,692	9,023,229	3,784	114	2,475	20,974	3.7
Emery	24,428,909	4,095	129	13,391	10,355,317	4,343	107	2,323	24,152	4.3
Garfield	8,685,977	1,456	48	4,983	4,758,952	1,996	86	1,867	10,301	1.8
Grand	11,730,940	1,967	65	6,747	6,237,654	2,616	95	2,062	13,392	2.4
Iron	28,158,517	4,720	100	10,381	8,974,594	3,764	215	4,667	23,532	4.2
Juab	18,804,838	3,152	68	7,059	5,651,795	2,370	56	1,216	13,797	2.4
Kane	5,607,330	940	52	5,398	2,200,000	923	54	1,172	8,433	1.5
Millard	22,718,666	3,809	113	11,730	10,996,311	4,612	120	2,605	22,755	4.0
Piute	4,678,539	784	24	2,491	1,285,900	539	26	564	4,379	0.8
Rich	2,296,404	385	34	3,529	1,585,000	665	35	760	5,339	0.9
San Juan	18,143,000	3,041	185	19,204	10,010,000	4,198	103	2,236	28,680	5.1
Sanpete	11,121,446	1,864	56	5,813	5,362,946	2,249	64	1,389	11,316	2.0
Sevier	16,501,273	2,766	102	10,588	8,304,439	3,483	92	1,997	18,834	3.3
Uintah	35,413,200	5,937	122	12,664	24,700,000	10,359	200	4,341	33,301	5.9
Utah	73,818,182	12,375	226	23,460	52,454,334	21,999	694	15,065	72,898	12.9
Wasatch	16,441,172	2,756	91	9,446	6,121,535	2,567	160	3,473	18,243	3.2
Washington	29,127,229	4,883	113	11,730	18,331,000	7,688	230	4,993	29,293	5.2
Wayne	3,617,842	606	45	4,671	2,195,738	921	18	391	6,589	1.2
Weber	75,536,286	12,663	117	12,145	57,647,642	24,176	683	14,826	63,811	11.3
TOTALS	567,696,790	95,168	2,367	245,711	324,836,046	136,231	4,088	88,738	565,848	100

UAC INSURANCE MUTUAL

EXPENSE

TOTALS

COUNTY	PRO-RATA	PER MEMBER	PREMIUM EXPENSE	%	1996 PREMIUM	1997 PREMIUM	1998 PREMIUM	1999 PREMIUM	% VARIANCE
Beaver	9,604	11,220	20,824	2.7	59,350	57,883	58,467	62,385	2.1 3,918
Box Elder	30,452	11,220	41,672	5.4	205,051	196,010	186,390	173,444	5.8 -12,946
Cache	35,740	11,220	46,960	6.1	217,715	216,356	210,576	201,613	6.7 -8,963
Davis	58,616	11,220	69,836	9.0	281,131	287,812	302,203	323,478	10.8 21,275
Duchesne	16,906	11,220	28,126	3.6	95,455	99,073	97,450	101,280	3.4 3,830
Emery	30,580	11,220	41,800	5.4	227,427	216,056	205,253	174,123	5.8 -31,130
Garfield	10,788	11,220	22,008	2.8	64,768	68,006	65,669	68,692	2.3 3,023
Grand	14,188	11,220	25,408	3.3	87,925	92,321	91,424	86,805	2.9 -4,619
Iron	25,576	11,220	36,796	4.8	168,363	161,636	154,572	147,468	4.9 -7,104
Juab	13,401	11,220	24,621	3.2	82,413	86,226	85,183	82,610	2.7 -2,573
Kane	8,238	11,220	19,458	2.5	66,234	62,922	59,776	55,107	1.8 -4,669
Millard	16,671	11,220	27,891	3.6	92,461	89,182	93,308	100,028	3.3 6,720
Piute	2,583	11,220	13,803	1.8	14,375	15,578	16,357	24,979	0.8 8,622
Rich	4,695	11,220	15,915	2.1	36,451	38,274	38,000	36,233	1.2 -1,767
San Juan	21,909	11,220	33,129	4.3	108,595	113,106	118,411	127,931	4.3 9,520
Sanpete	14,137	11,220	25,357	3.3	101,226	96,165	91,357	86,529	2.9 -4,828
Sevier	11,285	11,220	22,505	2.9	73,007	76,657	72,824	71,339	2.4 -1,485
Uintah	31,432	11,220	42,652	5.5	161,373	169,442	177,914	178,663	5.9 749
Utah	61,302	11,220	72,522	9.4	274,562	288,290	302,705	337,788	11.2 35,083
Wasatch	21,695	11,220	32,915	4.3	108,024	114,093	119,317	126,794	4.2 7,477
Washington	31,845	11,220	43,065	5.6	193,030	194,370	194,601	180,863	6.0 -13,738
Wayne	5,305	11,220	16,525	2.1	33,803	35,493	37,095	39,479	1.3 2,384
Weber	39,161	11,220	50,381	6.5			219,402	219,837	7.3 435
TOTALS	516,107	258,053	774,160	100	2,752,739	2,774,951	2,998,254	3,007,467	100 9,213

UAC INSURANCE MUTUAL

ADDITIONAL EARTHQUAKE & FLOOD COVERAGE

COUNTY	TOTAL INSURABLE VALUE	ADDITIONAL 20 MILLION LIMIT
Beaver	14,053,916	1,241
Box Elder	30,344,521	2,679
Cache	31,959,427	2,822
Davis	60,511,061	5,342
Emery	24,428,909	2,157
Iron	28,158,517	2,486
Millard	22,718,666	2,006
Rich	2,296,404	203
Sevier	16,501,273	1,457
Utah	73,818,182	6,517
Wasatch	16,441,172	1,452
Washington	29,127,229	2,571
Weber	75,536,286	6,669
TOTALS	425,895,563	37,600

AFFIDAVIT OF GARY R. HERBERT

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 3rd day of September, 1998, presided over a meeting of the Utah

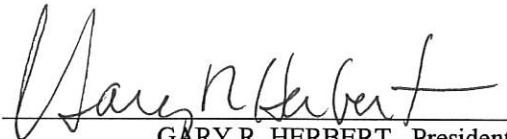
Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

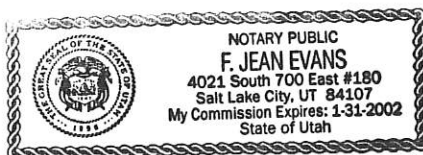
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

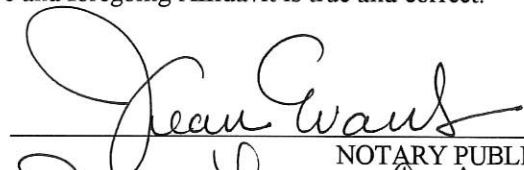
FURTHER, Affiant saith not.

DATED this 3rd day of September, 1998.


GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

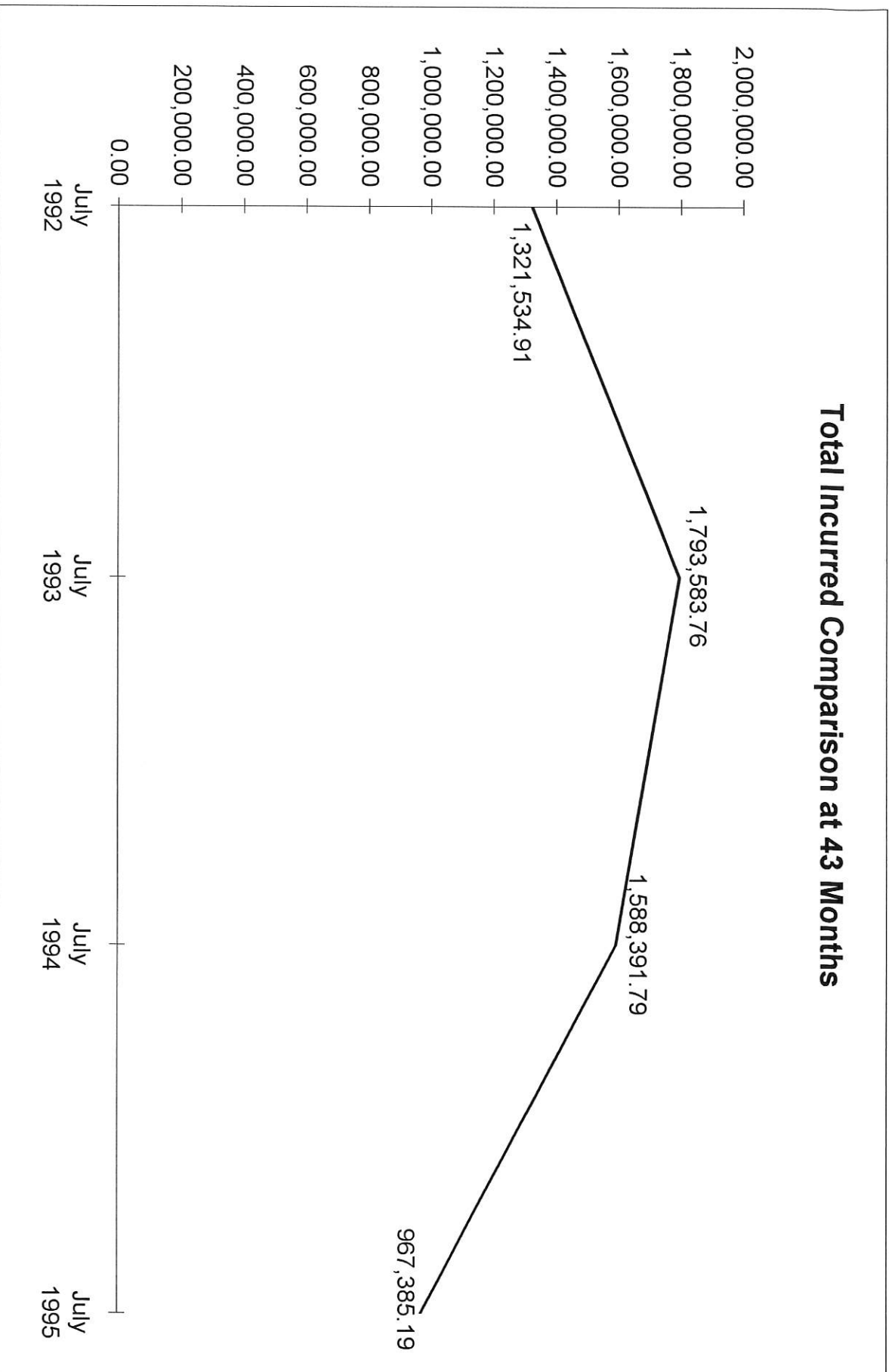
On the 4th day of September, 1998, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.




NOTARY PUBLIC
Residing at: Salt Lake City, Utah
My Commission Expires: 1/31/2002

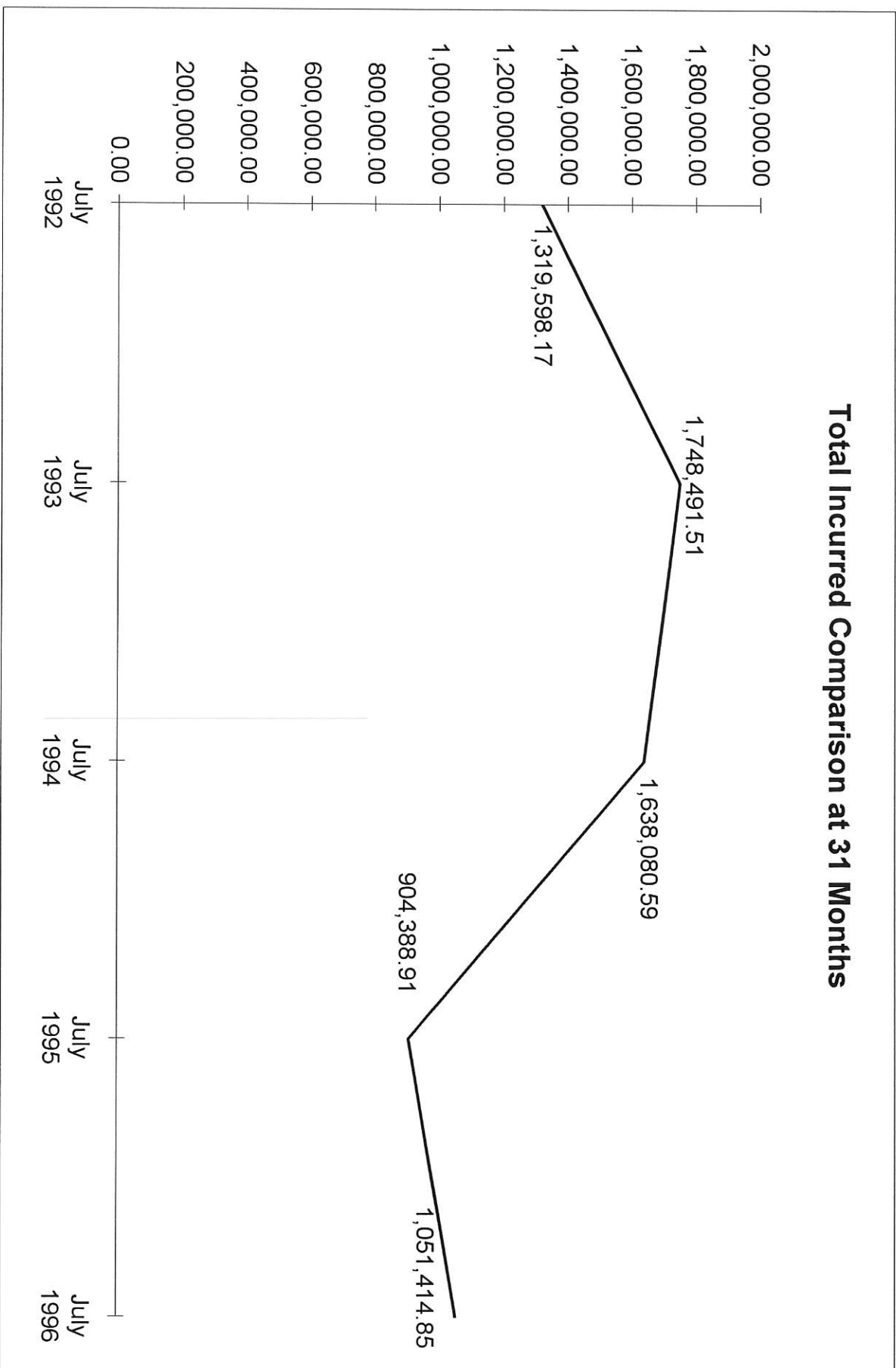
UAC Insurance Mutual

Total Incurred Comparison at 43 Months



UAC Insurance Mutual

Total Incurred Comparison at 31 Months



AFFIDAVIT OF GERALD HESS

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

Gerald Hess, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 2 day of September, 1999, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

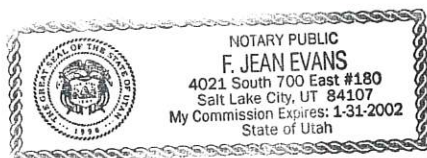
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 2 day of September, 1999.


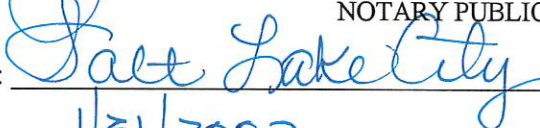

GERALD HESS, Vice-President
Utah Association of Counties Insurance Mutual

On the 2nd day of September, 1999, personally appeared before me Gerald Hess, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Residing at:

My Commission Expires:


NOTARY PUBLIC

1/31/2002

**ARTHUR J. GALLAGHER & CO.
PERFORMANCE STANDARDS**

1. Review, analyze and provide recommendations to UACIM regarding deductibles, self insured retentions, loss funds, and program structures.
2. Bind coverage on behalf of UACIM as required.
3. Provide alternative quotations on ancillary coverages as requested by UACIM.
4. Act as representative of UACIM in matters relating to UACIM's excess insurance and/or reinsurance.
5. Assist in marketing the UACIM program to other Utah Counties.
6. Assist in the analysis and comparison of various proposals/quotations submitted to UACIM members by competing brokers.
7. Participate, when invited, in monthly UACIM Board of Trustees meetings.
8. Participate in all full membership meetings.
9. Review, analyze, and respond to UACIM questions pertaining to coverage or servicing issues.
10. Return all phone calls within 24 hours.
11. Review policies, endorsements, and certificates for accuracy. Request changes as needed.
12. ~~Issue certificates of insurance, when necessary, within 24 hours of our receipt of the request.~~
13. Quote, bind, and process bonds as needed.
14. Act as an intermediary, when requested, between the Utah Department of Insurance and The UACIM.
15. Assist the UACIM staff with members' concerns, questions, or general service issues.

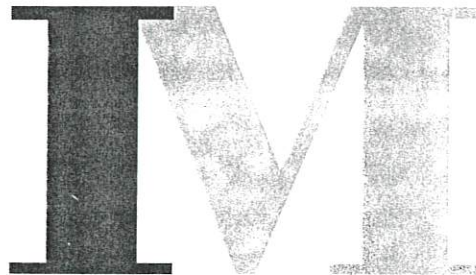
UACIM 2000 Administrative Budget

	1998 Actual	1999 Budget	1999 Actual	2000 Budget
REVENUES COLLECTED				
	as of 6/30/99			
Beginning Balance				
Management Fees	280,000	358,610	358,610	447,686
Interest	20,975	0	10,273	0
Total Revenue	300,975	358,610	368,883	447,686
EXPENSES PAID				
Accounting/Audit	590	550	414	550
Administrative Fees	12,912	5,000	0	5,000
Auto Expenses	2,472	6,000	4,210	6,000
Auto Reserve	0	10,000	10,000	14,000
Board Expenses	6,951	8,000	2,741	8,000
Consulting Fees	0	0	0	0
Copying	1,563	1,200	1,098	1,200
Data Processing	139	2,000	912	3,500
Dues, Subscriptions	1,039	1,250	1,624	1,250
FICA	10,073	11,000	5,855	11,000
Loss Control/Training	7,972	10,700	5,620	10,700
Medical Insurance	22,566	24,870	16,116	26,900
Newsletter	0	1,000	0	1,000
Office Equipment	13,302	5,000	5,800	5,000
Office Rent	23,132	60,300	23,935	120,000
Office Supplies	3,954	4,000	1,390	4,000
Other Insurance	4,552	5,000	2,353	5,000
Postage	3,475	4,000	1,838	4,000
Printing	3,330	1,000	1,498	1,000
Retirement	25,800	32,000	17,227	35,324
Staff Expense	17,754	13,500	7,198	13,500
Staff Salaries	131,343	146,340	76,399	164,862
Technical Assistance	4,267	400	400	400
Telephone	5,433	5,500	3,057	5,500
Total Expenses	302,619	358,610	189,684	447,686
ENDING BALANCE	-1,644	0	168,926	0

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

2000 GENERAL BUDGET

	1998 Budget	1998 Actual	1999 Budget	1999 Actual*	2000 Budget
REVENUE					
Premiums Written	2,854,000	2,984,526	3,045,067	3,051,642	3,090,000
Unearned Premiums	-	-	-	1,271,518	-
Premiums Earned	2,854,000	2,984,526	3,045,067	1,780,124	3,090,000
Investment Income	215,000	406,049	275,000	255,540	300,000
Miscellaneous Income		2,000			
TOTAL REVENUE	3,069,000	3,392,575	3,320,067	3,307,182	3,390,000
LOSSES AND LOSS EXPENSES					
Losses	1,475,000	1,475,000	1,550,000	1,530,000	1,580,000
Claims Management Expenses	229,000	229,000	253,050	115,689	216,000
Reinsurance	576,000	631,241	631,828	591,726	623,875
TOTAL LOSS EXPENSES	2,280,000	2,335,241	2,434,878	2,237,415	2,419,875
ADMINISTRATION EXPENSES					
Broker Fees	105,000	105,000	105,000	52,500	105,000
Administration Fees	280,000	280,000	358,610	119,537	447,686
Professional Fees	50,000	38,164	50,000	33,233	50,000
Interest Expense	59,000	-	-	269,899	-
Other Expenses	13,000	20,959	7,500	5,968	8,000
TOTAL ADMINISTRATION	507,000	439,123	521,110	481,137	610,686
TOTAL LOSSES AND EXPENSES	2,787,000	2,774,364	2,955,990	2,718,552	3,030,561
NET INCOME	282,000	618,211	364,077	588,630	359,439



INSURANCE MARKETING
ASSOCIATION OF AMERICA

RISK MANAGEMENT PROPOSAL

2000

*see
AJG file*

Prepared by:

Rich Stokluska, ARM
Vice President

John Chino
Vice President

JoAnn Berger
Executive Risk Management Representative

Arthur J. Gallagher & Co.
The Gallagher Centre
Two Pierce Place
Itasca, IL 60143-3141
(630) 773-3800



UAC INSURANCE MUTUAL

LOSS FUND

COUNTY	1996	1997	1998	TOTAL	%	COMPARE 1999	LESS ADJUSTS	ADJUSTED LOSSES	AVERAGE LOSSES	1999 LOSS FUND	2000 w/o cap	2000 with 7% cap
Beaver	34,268	25,616	48,032	107,916	2.9	4,794	15,000	92,916	30,972	31,012	71,772	33,183
Box Elder	11,726	38,440	39,512	89,678	2.4	-86,388	0	89,678	29,893	105,899	69,271	98,486
CACHE	84,072	19,332	21,259	124,663	3.3	-31,123	54,443	70,220	23,407	118,705	54,241	110,396
Carbon	19,736	14,138	5,434	39,308	1.0	0	0	39,308	13,103	34,918	30,363	32,474
Davis	259,913	355,951	137,974	753,838	19.9	92,334	221,630	532,208	177,403	190,153	411,101	203,464
Duchesne	13,122	52,235	7,319	72,676	1.9	-2,703	0	72,676	24,225	50,502	56,138	54,037
Emery	29,143	50,376	23,305	102,824	2.7	6,534	5,859	96,965	32,322	108,172	74,900	100,600
Garfield	11,443	0	23,019	34,462	0.9	-10,426	0	34,462	11,487	31,622	26,620	29,408
Grand	33,796	714	390	34,900	0.9	-1,971	0	34,900	11,633	47,911	26,958	44,557
Iron	2,917	8,793	165,857	177,567	4.7	128,603	100,000	77,567	25,856	87,140	59,916	81,040
Juab	0	22,188	171,799	193,987	5.1	171,131	27,032	166,955	55,652	44,192	128,963	47,285
Kane	4,493	0	150,092	154,585	4.1	143,200	29,838	124,747	41,582	27,216	96,360	29,121
Millard	40,832	8,821	70,847	120,500	3.2	-21,472	27,237	93,263	31,088	48,314	72,041	51,696
Plute	7,174	0	0	7,174	0.2	0	0	7,174	2,391	5,907	5,542	5,542
Rich	1,947	0	10,374	12,321	0.3	4,775	0	12,321	4,107	14,978	9,517	13,930
San Juan	29,134	5,522	95,699	130,355	3.4	-2,120	0	130,355	43,452	66,122	100,692	70,751
Sanpete	29,134	1,776	2,075	32,985	0.9	24,363	0	32,985	10,995	49,856	25,479	46,366
Sevier	2,837	14,415	16,907	34,159	0.9	3,686	0	34,159	11,386	29,999	26,386	27,899
Uintah	48,801	86,943	79,236	214,980	5.7	33,858	79,485	135,495	45,165	112,751	104,662	104,858
Utah	136,179	212,252	219,990	568,421	15.0	141,809	108,971	459,450	153,150	192,368	354,900	205,834
Wasatch	56,933	364,815	3,649	425,397	11.3	283,047	345,019	80,378	26,793	75,529	62,088	70,242
Washington	50,281	7,024	33,601	90,906	2.4	7,175	3,500	87,406	29,135	108,505	67,516	100,910
Wayne	23,831	569	23,849	48,249	1.3	23,849	0	48,249	16,083	16,365	37,270	17,511
Weber	79,149	44,830	84,018	207,997	5.5	35,399	71,209	136,788	45,596	105,661	105,661	105,661
TOTALS	1,010,861	1,334,750	1,434,237	3,779,848	100	1,089,223	2,690,625	896,875	1,703,797	2,078,359	1,685,250	

UAC INSURANCE MUTUAL

EXPENSE

TOTALS

COUNTY	PRO-RATA	PER MEMBER	PREMIUM EXPENSE	2000 PREMIUM				2000 PREMIUM WITH 7%			
				1999 PREMIUM	W/O OVERALL CAP	VARIANCE	%	OVERALL CAP	VARIANCE	%	
Beaver	10,482	11,665	22,147	62,378	65,378	3,000	2.1	65,378	3,000	2.1	
Box Elder	30,720	11,665	42,385	173,386	169,078	-4,308	5.4	169,078	-4,308	5.4	
Cache	35,733	11,665	47,398	201,590	194,768	-6,822	6.2	194,768	-6,822	6.2	
Carbon	12,780	11,665	24,445	78,156	77,154	-1,002	2.5	77,154	-1,002	2.5	
Davis	66,088	11,665	77,753	323,357	350,307	26,950	11.1	345,992	22,635	11.1	
Duchesne	18,053	11,665	29,718	99,203	104,173	4,970	3.3	104,173	4,970	3.3	
Emery	30,472	11,665	42,137	190,885	167,808	-23,077	5.3	177,523	-13,362	5.7	
Garfield	10,285	11,665	21,950	62,825	64,368	1,543	2.0	64,368	1,543	2.1	
Grand	14,002	11,665	25,667	86,681	83,415	-3,266	2.6	83,415	-3,266	2.7	
Iron	25,638	11,665	37,303	147,452	143,039	-4,413	4.5	143,039	-4,413	4.6	
Juab	14,972	11,665	26,637	82,601	88,383	5,782	2.8	88,383	5,782	2.8	
Kane	9,198	11,665	20,863	55,592	58,795	3,203	1.9	58,795	3,203	1.9	
Millard	18,325	11,665	29,990	98,702	105,566	6,864	3.4	105,566	6,864	3.4	
Piute	2,316	11,665	13,981	17,502	23,532	6,030	0.7	18,727	1,225	0.6	
Rich	4,603	11,665	16,268	36,229	35,251	-978	1.1	35,251	-978	1.1	
San Juan	23,856	11,665	35,521	126,700	133,907	7,207	4.3	133,907	7,207	4.3	
Sanpete	14,049	11,665	25,714	86,520	83,655	-2,865	2.7	83,655	-2,865	2.7	
Sevier	11,490	11,665	23,155	71,331	70,543	-788	2.2	70,543	-788	2.3	
Uintah	33,402	11,665	45,067	190,368	182,821	-7,547	5.8	182,821	-7,547	5.8	
Utah	68,718	11,665	80,383	323,894	363,787	39,893	11.6	346,567	22,673	11.1	
Wasatch	22,273	11,665	33,938	126,649	125,797	-852	4.0	125,797	-852	4.0	
Washington	32,104	11,665	43,769	180,979	176,172	-4,807	5.6	176,172	-4,807	5.6	
Wayne	5,719	11,665	17,384	39,475	40,968	1,493	1.3	40,968	1,493	1.3	
Weber	44,624	11,665	56,289	219,831	240,326	20,495	7.6	235,219	15,388	7.5	
TOTALS	559,905	279,953	839,858	3,082,286	3,148,989		100	3,127,257	44,971	100	

EXPOSURES

COUNTY	TOTAL INSURED VALUE			NUMBER OF VEHICLES			TOTAL EXPENDITURES			NUMBER OF EMPLOYEES		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
Beaver	16,252,630	14,053,916	14,053,916	39	42	42	3,458,187	5,618,187	3,458,187	50	68	68
Box Elder	27,782,881	30,344,521	31,189,654	129	135	152	18,468,370	8,309,599	8,992,716	152	150	155
Cache	27,020,729	31,959,427	33,279,827	173	188	199	18,401,906	17,711,874	18,885,544	200	168	163
Carbon			22,172,573			97			8,913,057			120
Davis	51,930,614	60,511,061	64,133,430	213	209	206	40,200,000	47,000,000	56,000,000	563	550	615
Duchesne	24,712,054	23,998,115	23,100,049	103	103	101	6,450,000	9,023,229	7,966,644	144	114	118
Emery	12,478,584	24,428,909	23,805,154	121	129	142	10,796,964	10,355,317	10,661,712	156	107	105
Garfield	8,599,320	8,685,977	13,773,777	46	48	70	4,518,398	4,758,952	5,182,541	85	86	60
Grand	10,507,134	11,730,940	12,616,099	50	65	56	9,589,616	6,237,654	7,502,433	120	95	100
Iron	25,088,993	28,158,517	28,642,478	88	100	117	8,512,470	8,974,594	10,533,705	207	215	140
Juab	17,791,757	18,804,838	18,860,606	66	68	71	3,257,593	5,651,795	5,701,597	55	56	55
Kane	7,064,920	5,607,330	5,607,330	49	52	59	2,200,000	2,200,000	2,800,000	54	54	48
Millard	17,879,148	22,718,666	24,529,419	116	113	121	10,996,311	10,996,311	10,996,311	110	120	124
Piute	4,253,217	4,678,539	3,449,455	22	24	24	1,169,000	1,285,900	1,246,000	24	26	24
Rich	2,826,404	2,296,404	2,562,339	35	34	34	1,444,378	1,585,000	1,585,000	39	35	35
San Juan	15,931,600	18,143,000	18,468,000	152	185	188	10,489,331	10,010,000	9,978,626	127	103	105
Sanpete	5,817,951	11,121,446	10,934,136	55	56	59	5,109,137	5,362,946	5,651,147	82	64	64
Sewier	14,377,318	16,501,273	16,601,629	97	102	105	8,571,000	8,304,439	9,235,419	90	92	110
Uintah	31,901,956	35,413,200	36,577,992	106	122	122	24,700,000	24,700,000	22,800,000	200	200	189
Utah	73,896,168	73,818,182	82,913,562	213	226	247	44,001,145	52,454,334	55,842,946	623	694	623
Wasatch	15,332,057	16,441,172	26,289,654	87	91	101	5,181,403	6,121,535	6,752,591	126	160	160
Washington	26,026,571	29,127,229	29,429,461	115	113	128	32,572,500	18,331,000	18,544,000	200	230	260
Wayne	3,288,947	3,617,842	2,989,185	41	45	45	1,995,125	2,195,738	2,294,394	16	18	18
Weber		75,536,286	119,277,744		117	161		57,647,642	51,200,070		683	687
TOTALS	440,760,953	567,696,790	665,257,469	2,116	2,367	2,647	272,082,834	324,836,046	342,724,680	3,423	4,088	4,146

**A RESOLUTION OF UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
ADOPTING A POLICY CONCERNING
CONFLICTS OF INTEREST OF ATTORNEYS RETAINED BY THE MUTUAL**

WHEREAS, Utah Association of Counties Insurance Mutual, (hereinafter referred to as "UACIM", assigns attorneys from a list approved by the Board of Trustees to represent UACIM or Insureds on claims; and

WHEREAS, both UACIM and its' Members desire to maintain high standards of professionalism and avoid any actual or perceived conflicts of interest; and

WHEREAS, UACIM seeks to clarify its' position regarding conflicts of interest;

NOW, THEREFORE, the policy adopted by the Board of Trustees is as follows:

1. Attorneys listed on the UACIM Defense Attorney list shall not represent any plaintiff in any civil action in which any defendant is insured by UACIM.
2. Attorneys employed by, or associated with, law firms listed on the UACIM Defense Attorney List shall not represent any party in a civil action adverse to any person or entity insured by UACIM.
3. Attorneys employed by, or associated with, law firms listed on the UACIM Defense Attorney List shall not represent any defendant in a criminal action prosecuted by the County Attorney's Office of any Member County.
4. Conflicts as described above may be waived only after full disclosure to, and written agreement of, the involved Member and UACIM.

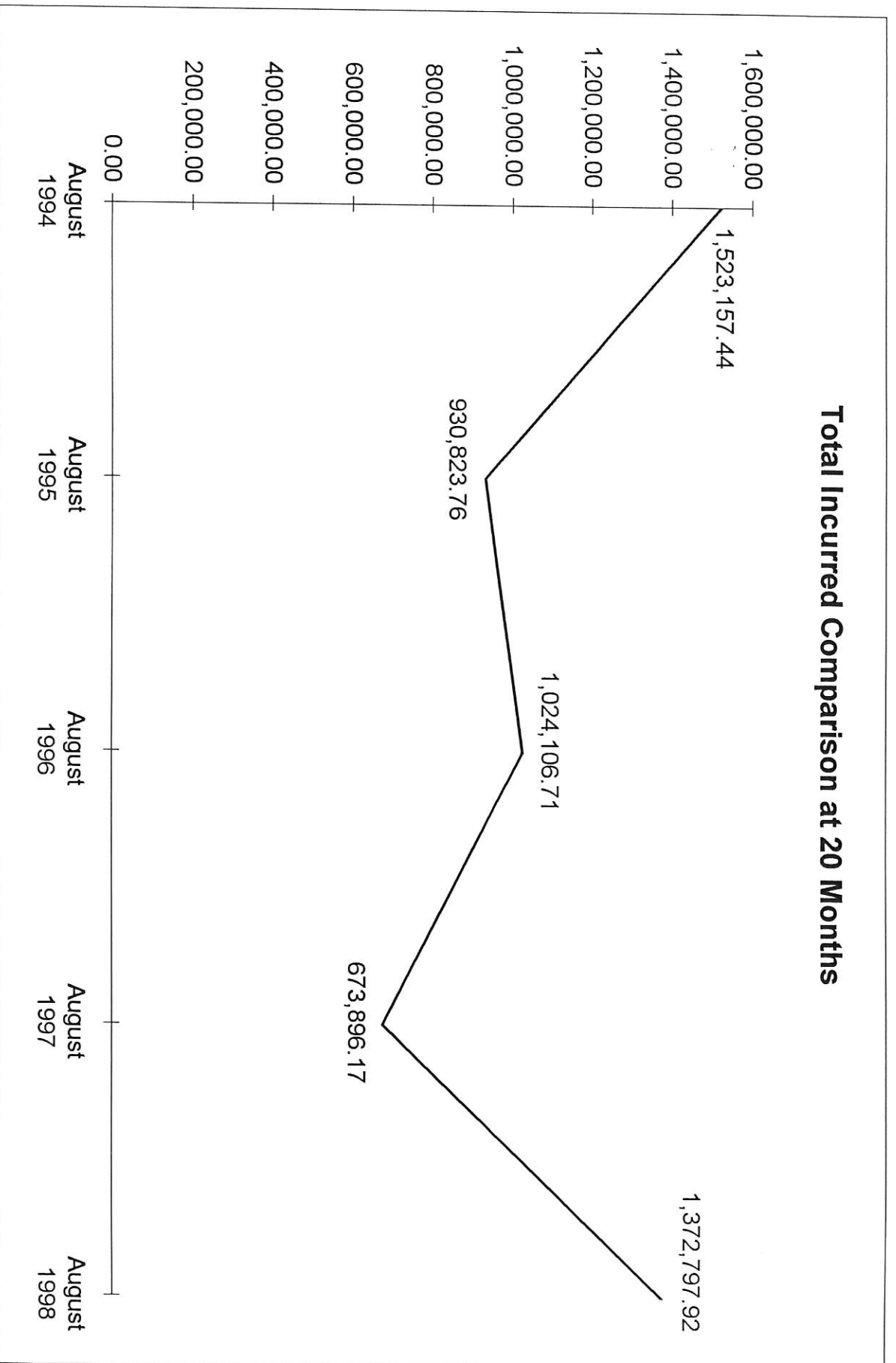
RESOLVED AND ADOPTED this 3rd day of September 1999.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

By: 
GARY R. HERBERT, President

UAC Insurance Mutual

Total Incurred Comparison at 20 Months



UAC Insurance Mutual

Total Incurred Comparison at 32 Months

